

Message Text

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E.O. 11652: N/A

TAGS: EAIR, TH

SUBJECT: SALE OF DC-10'S TO THAI AIRWAYS INTERNATIONAL

REF: BANGKOK 23135

1. JOHN LITTLE OF DOUGLAS AIRCRAFT CORPORATION HAS INFORMED EMBASSY THAT, AS RESULT OF HIS AUGUST 31 MEETING WITH COMMUNICATIONS MINISTRY UNDER SECRETARY DR. KAN NAKHAMADI (REFTEL), HE BELIEVES HE MAY HAVE FORESTALLED PROPOSED VISIT OF MINISTER THAWIT AND KAN TO DOUGLAS IN SEPTEMBER. ACCORDING LITTLE, DURING ONE-HOUR MEETING, KAN REPEATEDLY REFERRED TO THREE OBJECTIVES FOR SUCH A VISIT: (1) TO GET A BETTER PRICE (HE MENTIONED \$4 MILLION PER AIRCRAFT); (2) TO COMPARE AND INSPECT DOUGLAS' SALES CONTRACTS WITH OTHER CUSTOMERS; AND (3) TO INSPECT DOUGLAS' ORIGINAL COPIES OF THE DOUGLAS-THAI PURCHASING AGREEMENT. EACH TIME THESE WERE BROUGHT UP, LITTLE SAID THAT WITH RESPECT TO OBJECTIVE (3), THE ORIGINAL DOCUMENTS ON THE DOUGLAS-TAI AGREEMENT COULD BE MADE AVAILABLE FOR INSPECTION BY ANY BONA FIDE RTG REPRESENTATIVE; DOUGLAS WOULD NOT ACCEDE, HOWEVER, TO THE FIRST TWO REQUESTS. TOWARD THE END OF THE CONVERSATION, KAN ASKED IF HE REALLY MEANT IT; LITTLE SAID HE DID, AND KAN FINALLY SAID THAT UNDER THOSE CIRCUMSTANCES, PERHAPS IT WOULD NOT BE WORTHWHILE TO MAKE THE VISIT.

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2. EARLIER IN CONVERSATION, KAN HAD SAID THAT IF DOUGLAS DOES NOT ACCEDE, THERE WOULD BE NO FUTURE SALES FOR IT IN THAILAND, THAT HE WILL PROVE THAT TAI ACTED IMPROPERLY, THAT HE IS GOING TO QUOTE GET THE MONEY BACK FOR THE PEOPLE OF THAILAND UNQUOTE, AND THAT HE WILL PROSECUTE TWO TAI OFFICIALS. KAN REPORTEDLY ALSO SAID HE COULD PROVE THAT DOUGLAS GAVE OTHER AIRLINES A BETTER DEAL, MENTIONING A PRICE OF \$27 MILLION PER DC-10 AIRCRAFT. HE SAID HE AND MINISTER THAWIT HAVE APPOINTMENTS TO SEE MR. MCDONNELL IN ST. LOUIS ON SEPTEMBER 9 AND SENATOR CHURCH IN WASHINGTON ON SEPTEMBER 10, ADDING THAT THE MINISTER MAY NOT BE ABLE TO MAKE THOSE DATES IF THE RTG BUDGET HAS NOT BEEN APPROVED BY THEN.

3. COMMENT: EMBASSY FINDS IT DIFFICULT TO JUDGE EXTENT TO WHICH DR. KAN MAY BE BLUFFING, JUST WHAT HIS MOTIVES MAY BE IN WHAT APPEARS TO BE ALMOST A PERSONAL VENDETTA, OR WHETHER HE IS MERELY SERVING AS A FRONT MAN FOR HIS MINISTER. LITTLE HAS SPECULATED THAT THE TWO JUST CANNOT CONCEIVE OF THE PREVIOUS GOVERNMENT'S HAVING NEGOTIATED A \$60-70 MILLION DEAL WITHOUT SOMEONE HAVING OBTAINED SOME KICK-BACK.
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